

and soundness, they are held to be useful elements of trade and perform the function of obviating the settlement of claims in metal.] Let us summarise.

There were then coexistent: Bills of exchange on England for exports to England, which confer a right to extract payment from us; bills also drawn by England for British exports abroad which provide us with claims upon foreign lands; bills again drawn upon British "accepting" houses in respect of consignments between foreign countries alone; with finance bills already described—both of the latter bills entitling England to demand payment from abroad (since the transaction in each case is in reality an *advance* from London, which can be called in); and bills payable to England for various other commissions and services, for interest upon British purchases of foreign stocks and securities, and as payments for the use of British vessels in the conveyance of the goods of foreigners. On balance, accordingly, the bills which involved a payment by England (for merchandise shipped hither) were substantially inferior in amount to the quantity of bills which embodied claims by England upon countries abroad; and hence, after foreign merchants, for the discharge of their indebtedness to England, had purchased all bills of exchange upon London, a large excess still remained of foreign debts to this country for which no provision for settlement could be obtained. Hence the breakdown of the exchanges, for foreign countries were unable (in the dearth of bills of demand on London) to despatch commodities in satisfaction (looking to the enhanced marine risks incident to a state of war), and as to gold shipments they obviously preferred to retain their existing stocks undiminished: hence, accordingly, the balance of the accounts due to England was capable only of being partially rectified by foreign countries importing from England a reduced supply of goods and requiring diminished services from Great Britain—a result affecting the solvency of "accepting" houses and tending, unless adroitly managed, to increase also the extent of unemployment in our land. Thus, the strain of the war,

even in this early stage, found the world
in debt to England without the
customary means of repayment;
denuded summarily of bills of exchange
on